

NOTICE OF COAL LEASE OFFERING BY SIMULTANEOUS FILING

WESTRIDGE COAL TRACT CARBON COUNTY, UTAH

PLEASE TAKE NOTICE that the State of Utah, School and Institutional Trust Lands Administration, 675 East 500 South, Suite 500, Salt Lake City, Utah 84102 (the "Trust Lands Administration"), will offer the Westridge Coal Tract, as more specifically described below, for coal lease by simultaneous filing of sealed bids pursuant to Utah Code Ann. § 53C-2-407(1)-(3). The filing period for sealed bids ends at 5:00p.m. MST on February 13, 2004, with bids to be opened at the offices of the Trust Lands Administration at 10:00 a.m. MST on February 17, 2004.

Introduction

In January, 1999, the Trust Lands Administration acquired six coal tracts, including the Westridge Coal Tract that is the subject of this notice, pursuant to the Utah Schools and Land Exchange Act of 1998, Pub. L. No. 105-335, 112 Stat. 3139 (the "Act"). The Act ratified the May 8, 1998 Agreement to Exchange Utah School Trust lands Between the State of Utah and the United States of America signed by Governor Michael O. Leavitt and U.S. Secretary of the Interior Bruce Babbitt (the "May 8 Agreement"). Pursuant to the May 8 Agreement, the Trust Lands Administration is obligated to lease those coal tracts that it acquired under the Act in a competitive or substantially equivalent non-competitive manner.

The Trust Lands Administration has determined to offer the Westridge Coal Tract for competitive leasing by simultaneous filing pursuant to existing statutory authority set forth at Utah Code Ann. § 53C-2-407(1)-(3). The leasing process will also be governed by agency regulations set forth in Utah Administrative Code R850-20. The regulations include Utah Administrative Code R850-20-175, which was enacted by the Trust Lands Administration effective March 3, 1999, and which specifically governs coal leasing of lands acquired under the Act.

Description of Westridge Coal Tract

The Westridge Coal Tract consists of the coal estate in the following described lands located in Carbon County, Utah, approximately 15 miles northeast of Wellington, Utah.

T. 14 S., R. 13 E., SLB&M

Sec. 3: Lots 1, 2, 3, S2N2, S2

Sec. 10: W2NW4, SW4, SW4SE4

Containing 881.10 acres, more or less.

Section 3, Lots 2 & 3 (80.66 acres) described above are split-estate lands where the mineral estate only is owned by the State of Utah.

The Westridge Coal Tract including split-estate lands contains an estimated 6.3 million tons of recoverable coal.

Mineral Interest Being Leased

The Westridge Coal Tract being offered for lease includes only the coal estate. However, to the extent that Lessor owns the surface estate the lease shall include the right to make use of the surface as reasonably necessary and expedient for the operation of the leasehold. For split-estate lands where the State of Utah does not own the surface, the Lessee's access and use of the surface shall be determined by applicable law governing mineral development, including without limitation applicable statutes governing access by mineral owners to split-estate lands, and reclamation and bonding requirements.

The Trust Lands Administration expressly disclaims all warranties or representations with respect to the Westridge Coal Tract, including without limitation warranties or representations concerning title to the Westridge Coal Tract, the quantity or quality of coal therein, the mineability or merchantability of such coal, surface or subsurface conditions, availability and conditions of mine permitting, and environmental conditions.

Last Date for Receipt of Bids/ Bid Opening

All sealed bids for the Westridge Coal Tract must be received and time-stamped in the Salt Lake City office of the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102, no later than 5:00 p.m. on Friday, February 13, 2004. Bids will be opened at 10:00 a.m. MST on Tuesday, February 17, 2004 at the offices of the Trust Lands Administration.

Bidding Procedures

1. Sealed Bids Required

All bids for the Westridge Coal tract must be submitted in a sealed envelope, marked "Simultaneous Filing – Westridge Coal Tract" by the February 13th, 2004 bid deadline set forth above.

2. Bidder Qualifications

All bidders must be qualified to do business in the State of Utah , and not in default under the laws of the State of Utah relative to qualification to do business within the state, and further not in default on any previous obligation with the Trust Lands Administration. Only one bid may be submitted by each qualified bidder.

3. Minimum Acceptable Bid to Be Determined By Trust Lands Administration

The Trust Lands Administration will determine the minimum acceptable bonus bid for the Westridge Coal Tract, expressed in Dollars, in advance of bid opening. The minimum acceptable bonus bid will not be disclosed. **No bid will be accepted that does not meet the minimum acceptable bonus bid.** In the event that bids are below the minimum acceptable bonus bid, the Trust Lands Administration will proceed as set forth in paragraph 7 below.

4. Bid Contents

Each bid must be signed by the bidder or a person authorized to act for the bidder. Each bid must contain the contents set forth below. Incomplete bids will be rejected by the Trust Lands Administration. Funds submitted by unsuccessful bidders, except for the \$30.00 application fee, will be promptly returned by the Trust Lands Administration.

Each bid envelope must include the following:

- a. A Statement of the total bonus bid, **expressed in Dollars**, that the bidder is willing to pay as consideration for lease of the Westridge Coal Tract. Bonus bids should **not** be expressed in dollars per acre or cents per ton.
- b. A certified check, cashier's check, money order or bank draft in the amount of one-fifth of the bonus bid amount, made payable to the Trust Lands Administration.

- c. The first year's lease rental, in the amount of \$2,646.00, or \$3.00 per acre and fraction of acre thereof.
- d. A U.S. Bureau of Land Management form 1140-6 (available on request from the Trust Lands Administration), signed by the bidder, certifying that the bid was arrived at by the bidder independently and was rendered without collusion with any other person.
- e. A \$30.00 lease application fee.

5. Deferred Bonus

Payment of the bonus bid may be made on a deferred basis. One fifth of the bonus is payable on the day of sale, and must be submitted in the bidder's bid envelope. The balance should be paid in equal installments on the first four anniversary dates of the lease. At the time of lease issuance, the lessees will be required to provide a bid bond, meeting the requirements of 43 Code of Federal Regulations §3474, for the balance of the bonus bid amount, payable upon default to the State of Utah and the Secretary of the Interior. If the Lease is relinquished or otherwise terminated, the unpaid remainder shall be immediately payable to the Lessor; and the bid bond will be subject to forfeiture.

6. Bid Opening

Immediately upon bid opening, the Trust Lands Administration shall determine and announce the apparent high bidder. In the event that the high bid meets the minimum acceptable bid, as determined by the Trust Lands Administration, the lease shall be awarded to the high bidder. In the event that two or more parties submit an identical bid, the successful bidder shall be determined by a public drawing to be held at the offices of the Trust Lands Administration on the date of bid opening.

7. Failure to Meet Minimum Bid

In the event that the high bid does not match or exceed the minimum acceptable bid as determined by the Trust Lands Administration, the Trust Lands Administration may, but is not obligated to, negotiate with the high bidder to obtain a negotiated bid that, in the discretion of the Trust Lands Administration, represents fair market value. Alternatively, the Trust Lands Administration may in its discretion re-offer the Westridge Coal Tract for simultaneous filing, hold an oral auction of the tract pursuant to Utah Code Ann. §53C-2-407(4), or withdraw the tract from leasing. In the event that two or more parties submit an identical high bid that does not meet or exceed the minimum acceptable bid determined by the Trust Lands Administration, and if the Trust Lands Administration elects to negotiate with the high bidder, such bidder shall be determined by a public drawing to be held at the offices of the Trust Lands Administration on the date of bid opening.

8. Lease Form and Stipulations

The Trust Lands Administration intends to lease the Westridge Coal Tract on the basis of a specific lease form from available upon request from the Trust Lands Administration. The successful bidder will be expected to execute the lease form and provide the required bid and lease bonds within fifteen days of written notification from the Trust Lands Administration that its bid was successful. Failure to execute the lease form upon notification of a successful bid will subject the successful bidder to forfeiture of the bid deposit. In the event of such failure, the Trust Lands Administration may in its discretion issue a lease to the next highest bidder, or re-offer the tract as set forth above. The Trust Lands Administration reserves the right to modify the lease form and stipulations prior to leasing.

Further Information

Further information concerning the Westridge Coal Tract, including the lease form, is available from the Trust Lands Administration's minerals group at (801) 538-5152.

DATED this 14th day of January, 2004

School and Institutional Trust Lands Administration

Thomas B. Faddies, Assistant Director

R850- School and Institutional Trust Lands Administration.

R850-20. Mineral Resources.

R850-20-175. Coal Leasing of Lands Acquired in Public Law 105-335 Exchange.

1. Acquired lands shall mean lands acquired by the School and Institutional Trust Lands Administration pursuant to the Utah Schools and Lands Exchange Act of 1998, Public Law 105-335, 112 Stat. (1998) (the "Act").

2. Leasing of coal interests in the acquired lands shall be governed by applicable provisions of state law, the Act, that certain Memorandum of the Understanding Between the Utah School & Institutional Trust Lands Administration, the United States Department of Agriculture, and the United States Department of the Interior dated January 5, 1999, as amended from time to time, and, except, as provided by R850-20-175 (5), by the provisions of R850.

3. The director shall have broad discretion to determine terms, conditions and procedures for leasing coal interests in the acquired lands by simultaneous filing, including without limitation determination of rental rates, lease forms and lease stipulations for particular tracts, the amount of any required bid deposit, the minimum acceptable bid for particular tracts, terms of payment for bonus bids, and bidding procedures generally. The director may, but is not obligated to, disclose the minimum acceptable bid in advance of offering the lease by simultaneous filing.

4. In the event that the high bid in any simultaneous lease filing does not meet the minimum acceptable bid previously determined by the director, the director may, but is not obligated to, negotiate with the high bidder to obtain a negotiated bid that, in the discretion of the director, represents fair market value. Alternatively, the director may re-offer the lands for simultaneous filing, hold an oral auction of the land pursuant to Subsection 53-C-2-407(4), or withdraw the lands from leasing.,

5. The following rules shall not apply to leasing of coal interests in the acquired lands by simultaneous filing: R850-20-700 (Non Contiguous Tracts); R850-20-1500 (minimum Bid/Simultaneous Filing); R850-20-1600 (Posting Dates/Simultaneous Filing); R850-20-1100 (Rental Credit)

6. Nothing in this rule shall prevent the agency from leasing otherwise disposing of coal interests in the acquired land pursuant to Subsection 53C-2-401(1) (ii), subject to compliance with applicable law.

KEY: Royalties, coal, primary term*, administrative procedure

March 3, 1999

53C-1-302 (1) (a) (ii)

53C-2-201 (1) (a)

53C-2*401 (1) (d) (ii)

53C-2-402(1)

53C-2-407(4)